

286.5-331 Withdrawal of shares -- Payment for, when made -- Withdrawals by borrowing members.

- (1) A member may withdraw his unpledged shares at any time by giving thirty (30) days' written notice of his desire to do so. The association shall number and file the applications to withdraw in the order received and shall, after thirty (30) days from the receipt of such application, either pay the holder the value thereof, in part or in full as requested, or apply at least one-half (1/2) of the receipts of the association from its shareholders and borrowers to the withdrawal of such share in numerical order. Shareholders filing written applications for the withdrawal of their shares shall remain shareholders until paid, and shall not become creditors.
- (2) No association shall be required to pay out on withdrawals more than one-half (1/2) of its net weekly receipts after the payment of current dividends, and after making provisions for anticipated dividends and the payment thereof, repaying money borrowed and after paying administration expenses of the association, taxes, insurance and repairs on property owned, municipal assessments, and any other necessary disbursements.
- (3) When one (1) member applies for a withdrawal of more than five hundred dollars (\$500), he shall be paid five hundred dollars (\$500) in order when reached, and his application shall be charged with the amount paid and shall be renumbered and placed at the end of the list of applications to withdraw, and thereafter upon again being reached, shall be paid a like amount, not exceeding the value of his shares, and until paid in full shall continue to be so paid, renumbered, and replaced at the end of the list until the amount applied for has been paid. A member withdrawing, when paid, shall receive the full amount paid in as dues or paid-up stock, together with only such dividends as have been declared and credited on his shares, less all fines, interest, or other charges.
- (4) Subject to the approval of the board of directors, any borrowing member who fully satisfied the directors of his inability to pay, may be permitted to withdraw from his dues a sum sufficient to be applied to payment of taxes, assessments for municipal improvements, repairs, considered necessary by the directors to protect the loan, and sanitary improvements.
- (5) All dues so withdrawn shall be applied for such purposes under the supervision of the association, and receipts evidencing such payments and expenditures shall be filed in the office of the association, with the note and mortgage of the members. No withdrawal for repairs shall be permitted without an appraisal, nor shall withdrawals be made for such purpose if a current appraisal is sufficient to grant a mortgage for that purpose.
- (6) The board of directors may apply any of the money paid in by borrowing members as dues, to the payment of premiums for fire and tornado insurance.

Effective: June 18, 1964

History: Created 1964 Ky. Acts ch. 138, sec. 21, effective June 18, 1964.

Formerly codified as KRS 289.331.

Legislative Research Commission Note (7/12/2006). In accordance with 2006 Ky. Acts ch. 247, secs. 38 and 39, this statute has been renumbered as a section of the

Kentucky Financial Services Code, KRS Chapter 286.